

RSA'S CLAIMS RESPONSE TO BREXIT

Frequently Asked Questions

What is Brexit?

Whilst the negotiations of the terms of the UK's withdrawal from the EU are ongoing, RSA is planning for ceasing to be a member of the EU. Whilst we await news on next steps and confirmation that a legally binding transitional period has been agreed, RSA has triggered contingency plans to ensure our insurance policies will be maintained and serviced at the same level as currently seen.

These contingency plans cover:

1. Customers who place their risks into the UK market, to the extent the policies cover exposures within the European Economic Area (EEA) outside the UK on a Freedom of Services¹ (FoS) basis - London Business
2. Customers who place their business directly into the EEA markets via our branches in the Netherlands, Belgium, France and Spain on a Freedom of Establishment basis (EEA Branch business) - EU business.

¹Freedom of Service is the right to provide business services on a cross-border basis within the European Economic Area (EEA). For insurance contracts, this means that the contract can be underwritten in an EEA member state that is different from the member state where the risk is located.

How will Brexit affect the insurance industry?

We currently carry out business between the UK and the EEA. When the UK leaves the single market, financial services firms based in the UK will lose their 'passporting' rights. The passport enables UK based companies to sell financial services to other EU countries with no regulatory barriers and this same freedom is also open to EU financial firms with bases in the UK.

The EU has not granted the UK 'regulatory equivalence' (adopting the same regulatory standards as the pan-European financial regulator) which would allow RSA to operate as we do currently in Europe and to continue selling to customers (and handling claims) within the EU.

What does that mean for our brokers and customers?

RSA has established a subsidiary in Luxembourg (RSAL) in order to ensure that our EU branches and UK based teams can continue to service their customers and meet their needs irrespective of Brexit decisions. The establishment of RSAL allows RSA operational continuity without experiencing any disruption from the UK's exit from the EU and ensuring a "business-as-usual" approach for our customers and brokers.

RSAL has become the parent of the existing EU branches in Belgium, France, the Netherlands and Spain. We anticipate that post-Brexit we will not be permitted to administer UK placed FoS business from the UK. As such, the existing business written in the UK market, on a FoS basis only, into the EEA has transferred to RSAL and the current branches above have transferred under a 'Part VII Transfer'² from RSA Insurance plc (RSAI) into RSAL.

The London market element of each cover will continue to be administered within the UK. The FoS element of each policy will require an additional policy, written out of our RSAL business which will support the UK master policy.

²Part VII is an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 which allows an insurer to transfer policies as at a fixed time and date to another insurer, as well as its reinsurance and any related contracts with other parties.

How will claims be handled post-Brexit?

In reality there is very little change or impact to our customers. All of the transferring policyholders are intermediated through our brokers meaning that very little will change in practice in terms of claims administration, and the vast majority of these customers are large multinationals.

Our customers are already familiar with having their claims administered locally in relation to non-UK, non-EU risks so the concept and process will not be new to them, merely the scope (i.e. local administration for EU risks).

Also the capability to administer the claims to the same standards using the same controls and processes exists already in our EU branches.

We know that there will need to be separate claims touchpoints for the customer in relation to the EU elements of split multinational policies.

We have established a claims hub in Madrid to handle FoS claims post-Brexit, however we have five years to run-off claims on old policies in the UK.



If you need more information,
please speak directly to your
commercial or underwriting
contact.

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